




Together, we can.

MEMORANDUM

TO: District Superintendents

FROM: A. Len Richardson, Director 
Office of Finance

RE: Qualified Zone Academy Bonds (QZABs)

DATE: August 15, 2007

The Federal Taxpayer Relief Act of 1997 created the Qualified Zone Academy Bond (QZAB) program. Under this program, state and local governments can issue QZAB's at a very low or even zero percent interest rates on behalf of school districts.

The QZAB program has been extended through 2007 as part of the Tax Relief and Health Care Act of 2006. This legislation includes new restrictions for issuers. Under the new law, issuers must reasonably expect to spend 95 percent of QZAB proceeds within five years of a sale and must expect to enter into a binding commitment with a third party to spend at least 10 percent of the proceeds within six months.

Currently, South Carolina has \$12,850,000 available for allocation. The 2006 allocation of \$6,425,000 will expire on December 31, 2008, and the 2007 allocation of \$6,425,000 will expire on December 31, 2009. Information on the QZAB program is available at <http://www.ed.gov/programs/qualifiedzone/index.html>.

It is important the applicants read all rules and regulations regarding this program. Once the QZAB authority has been granted to the LEA, it is the responsibility of that entity and its partners to comply with all rules and regulations. If you would like to apply for part of this allocation, please complete the application forms and return one signed copy and one electronic copy of the application to me by **Friday, September 28, 2007**. Application instructions and forms may be downloaded at the following website: <http://ed.sc.gov/agency/offices/finance>. Please mail the applications to the following address:

SC Department of Education
Office of Finance
Attn: QZAB, Room 308
1429 Senate Street
Columbia, SC 29201

If you have any questions, please call me at (803) 734-8504 or email me at lrichard@ed.sc.gov.

cc: School Business Officials